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October 22, 1996

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EX PARTE

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, D.C. 20054

Re: CC Docket No. 95-116, Telephone Number Portability (Reconsideration of First
Report and Order)

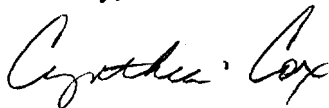
Dear Mr. Caton:

This is an amended copy of the filing made yesterday, October 21, 1996. The Docket No. was reported as 96-116, and should have read 95-116 (see attached copy).

In accordance with Commission rules, please be advised that the attached information was provided today by BellSouth to Mr. Jason Karp and Ms. Susan McMaster. This is information regarding issues raised in our Petition for Reconsideration, namely the use of Query on Release (QOR).

If you have any questions, please call me at 202-463-4104.

Sincerely,



cc: Mr. Jason Karp (w/o attachment)
Ms. Susan McMaster (w/o attachment)

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Dear Mr. Caton:

In accordance with Commission rules, please be advised that the attached information was provided today by BellSouth to Mr. Jason Karp and Ms. Susan McMaster. This is information regarding issues raised in our Petition for Reconsideration, namely the use of Query on Release (QOR).

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Sincerely,

Cynthia K. Cox

cc: Mr. Jason Karp (w/o attachment)
Ms. Susan McMaster (w/o attachment)

BellSouth Cost Savings Using Query on Release

As stated in a previous filing, BellSouth is continuing to refine the costs associated with Local Number Portability (LNP) as new pricing and engineering data is obtained from our vendors. The vendor community is still in the midst of the development stages of LNP capability.

The CLEC community has expressed that even if Query on Release QOR is allowed, the savings to the incumbent LECs are short lived. It has been indicated that QOR is only beneficial to the ILEC with less than 12-23% porting (variation depending upon switch type). These figures are based solely upon LNP impacts to the switches themselves. Actually, BellSouth studies indicate that switch savings are only a small part of the overall savings. The large majority of the savings are in the Service Control Point (SCP) and Common Channel Signaling Network (CCSN) costs.

When SCP, CCSN, and switch costs are aggregated, the cost of QOR is lower until porting penetration reaches 68%.

It is extremely important to note that SCP and CCSN costs are directly proportional to the number of queries in the network. The more queries, the more SCPs, and the more CCSN signaling links and terminations. These costs never become more expensive for QOR.

Pure Location Routing Number (LRN) queries on any local inter-office call in a portable NXX. A portable NXX is defined as an NXX in which at least one telephone number has been ported. Therefore, costs are dependent on the number of portable NXXs, not quantity of numbers ported.

QOR will only query if the called number has ported; therefore, costs are dependent upon the quantity of numbers that port, not NXXs that are portable. For example, if all NXXs within a given area are designated as portable, all originating interoffice calls will generate a query. If only 10 percent of the numbers in the same area have actually ported, QOR will generate only 10 percent of the queries required for LRN.

The size of the CCSN network and the number of SCPs are directly proportional to the number of queries. QOR greatly reduces the costs of implementation because it greatly reduces the number of queries.

QOR would be beneficial in opening NXXs for portability. BellSouth is concerned with the initial query volumes that will be experienced on an untried service with a large number of NXX codes open for LRN queries. QOR would allow a gradual increase in query volume as numbers port.

It is important to note that QOR and LRN are not mutually exclusive. QOR is an enhancement to LRN to reduce the number of queries to those actually necessary to complete a call. The query and routing mechanism used for QOR is LRN.

BellSouth would save \$101.5 million over five years based upon 10% ported numbers if allowed to use QOR. The breakdown of the savings is as follows:

- SCP savings - \$60.5 million
- CCSN savings - \$20.8 million
- Switch savings - \$20.2 million

BellSouth is reluctant to disclose the actual details of the cost analysis because proprietary agreements with vendors would be revealed; however, the following is a compilation of the input assumptions and factors that were used in the calculations:

1. The following inputs were used to project the query demands:

- Competitive line forecast
 - Interoffice, IntraLATA, Originating Busy Hour Call Attempts per Network Access Line (1.25 BHC/NAL as provided by Bellcore)
2. Costs are aggregated over five years. Inflation and/or Net present Value impacts are not included.
 3. The following costs are not included in the analysis, as they are common for both the LRN and the QOR options:
 - Generic upgrade costs
 - LRN software costs
 - DMS100 SuperNode 60 upgrade costs
 4. All hardware and software costs (except the QOR software costs) are computed at the current vendor contract price levels.
 5. QOR software costs are based upon planning prices provided by vendors as that is all that is currently available.
 6. Processor impacts on switches within the MSAs in the FCC Implementation Schedule were computed as follows:
 - Processor occupancy growth for the next 5 years was computed based upon the expected call volume growth
 - A 15 % allowance was made for new service growth
 - Occupancy increases due to the required generic loads were computed based upon the estimates provided by vendors
 - 45% of O+I calls were assumed to be originating, inter-switch, intra-LATA. Query volume for LRN was computed by assuming an LRN query for all such calls. Query volume used for QOR is 10% of the LRN query volume
 - Processor occupancy increases due to LRN and/or QOR queries were computed based upon the unit query consumption numbers provided by vendors
 7. Processor impacts on switches outside the MSAs in the FCC Implementation Schedule were based upon extrapolation of the MSA data.
 8. SCP databases will be deployed as needed regionally rather than by LATA or state boundaries.
 9. SCP capacity was derived using the Bellcore assumption of 1.25 queries per NAL in the busy hour. CCSN capacities were derived using the same methodology.